Tells the Facts and Names the Names

CounterPunch

JULY 15, 1995 *Written by Ken Silverstein & Alexander Cockburn* VOL. 2, NO. 14

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Powell in '96

"In 1969, then a mere major, [Colin] Powell was the officer assigned by the Pentagon to investigate rumors of a massacre in Vietnam, at My Lai, by a certain Lt. Calley and Charlie Company. The gallant major reported that accounts of any massacre were 'a malicious fiction'".

Private Eye, July 28, 1995

How Rich Journalists Stole Crutches From Crippled Children

Ever anxious to deflect charges that they are liberal or have soft hearts, many journalists love what they piously call "difficult" stories which demonstrate to the world (especially their own corporate employers) how tough they are. Last year several such journalists – mostly millionaires – took aim at a program helping extremely distressed children in very poor families.

In the name of budgetary austerity and combating "fraud", the Senate is now set to approve a bill, already passed by the House, that would all but eliminate the children's disability program. Should the measure go through, hundreds of thousands of children from poor families stand to lose their benefits. If so, lay the blame on Bob Woodward of *The Washington Post*, and Chris Wallace and Jude Dratt of ABC.

The lynch mob against children's disability was mustered on February 4, 1994, when the *Post* ran a front-page story on the program written by Woodward and a sidekick, Benjamin Weiser. They opened with an interview of Nora Cooke Porter, a state disability review physician in Pennsylvania, "who can barely contain her frustration as she flips through some of the thousands of applications" for assistance for children who "in her medical opinion, are not suffering from any disability". According to Woodward and Weiser, "children who curse teachers, fight with classmates, perform poorly in school or display characteristics of routine rebellion are often diagnosed with behavioral disorders and therefore qualify for the program's cash benefits".

Parents often spent their children's benefits unwisely, Woodward and Weiser virtuously proclaimed. And while government bureaucrats required an accounting of how the money was spent, they did not have "the resources to scrutinize spending on a large scale".

When the *Post*'s piece appeared, two Wisconsin Democrats, Senator Herb Kohl and Rep. Gerald Kleczka, instantly distributed a copy to each member of Congress. Remember that if a story attacking poor people appears in the *Post* it carries twice the firepower of one in *The Washington Times*, since the former can be introduced with the words "Even the liberal *Post* says ..."

The *Post*'s piece set off a hue and cry against children's disability, and led to an all-important ABC "Prime Time" report last October. No fewer than three of the network's millionaire correspondents disparaged the program: Wallace, chief correspondent for that segment, called it a "taxpayer scam"; Diane Sawyer said it was "a program designed to help disabled children, but parents are helping themselves"; and Sam Donaldson – who receives tens of thousands of dollars of federal agriculture subsidies annually for his New Mexico ranch – marveled at "how easy it is to get on the receiving end of what some are calling 'crazy checks'".

Prime Time's piece opened with a severely retarded white child in a wheelchair, representing a "deserving" recipient in whom the public's money had been prudently invested. Prime Time's all-white producer and correspondent staff then moved to the Arkansas Delta, where a variety of white politicians and white school teachers berated black children as undeserving frauds. Wallace – in smart rural wardrobe – grilled a poor black woman who was unable to articulate why she needed assistance and who didn't

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understand the eligibility criteria. Like the *Post*, ABC trotted out Dr. Porter to decry the program's abuses.

Prime Time's attack had a major impact in the capital. The show was soon aired before a Congressional subcommittee, and several members cited it in seeking to gut children's disability.

Children's disability, part of the Supplemental Security Income (SSI) program, was created by Congress in 1972. Requirements were extremely strict. Potential recipients had to be in a hospital, a wheelchair or have an IQ under 60. Those with cystic fibrosis, muscular dystrophy, autism and Down's Syndrome were routinely turned down.

Rolls have grown heavily in recent years and now carry some 800,000 children. But the cause is not, as Woodward and Prime Time alleged, an explosion of fraud. In 1990 the Rehnquist Supreme Court decreed by a 7 to 2 margin that eligibility requirements were unlawfully tight. Under the new guidelines, more children with severe mental impairments were able to qualify. The Court also ordered Congress and the Social Security Administration to publicize the program, and thus many parents heard of it for the first time.

For children to get what are, by the standards of today's medical billings, extremely modest benefits, a doctor must judge them to be in very poor shape indeed. About 60 percent have mental problems from the grave to the catastrophic; about 25 percent have severe physical problems; and about 15 percent have serious neurological or sensory ailments.

Prime Time's all-white staff traveled to Arkansas, where white politicians and white school teachers berated black children as undeserving frauds.

Since 1991, more than half a million children — 45 percent of all applicants — have been rejected. In tirelessly publicized Pennsylvania, where Dr. Porter's "frustration" threatens to boil over, 43 percent of applicants were turned down. The Arkansas rejection rate was 56 percent.

Prime Time claimed many children got benefits by "faking disabilities" after being coached by their parents. The Social Security Administration reviewed 617 claims, and found that coaching was possible in just 13 cases, and benefits were granted in only three of those.

The *Post's* and Prime Time's hatchet jobs on the disability program stemmed in part from their heavy reliance on Porter, who was portrayed in both cases as a doughty friend to the taxpayer. In fact, Porter was fired by the Pennsylvania Bureau of Disabilities Determination because of unceasing and baseless onslaughts on her colleagues. Jonathan Stein, the general counsel for Community Legal Services Attorney in Philadelphia who argued the 1991 case before the Supreme Court, alerted Woodward and ABC to Porter's record. But they eagerly relayed her assertions without a word of caution.

Prime Time quoted Porter as saying that the families of disabled children could "buy a Mercedes" with their benefits, though they presented no such case. Maximum benefits for a single parent are $446 per month, a figure which decreases as family income rises above $13,284 per year. *If family income tops $1,907 in any month*, the child loses all benefits.

Porter also told ABC that "fewer than 30 percent" of children awarded benefits deserve them. If true, this enormous figure would mean that roughly 600,000 children on the rolls are frauds. Wallace echoed: "If Porter's estimates are anywhere near accurate," then the program is a "massive taxpayer-funded scam." Note the strategic use of the word "if" in this context. As Stein complained bitterly, "Isn't the purpose of [Prime Time's] three-month investigation and the job of such a veteran Chief Correspondent to ascertain the validity of such an assertion, and not to use the big 'if' as a crutch to buttress the by now demagogic, media clich of 'taxpayer scam'?"

Stein and other advocates gave the *Post* and Prime Time numerous cases of deserving children of very poor parents who had been turned down for benefits: M. was denied assistance despite suffering from vaso-occlusive pain crises due to sickle-cell anemia. He spends many hours in a hospital bed and needs daily antibiotic therapy. L. suffers from severe asthma; he was turned down for benefits when he was five. He can't blow out the candles on his birthday cake, can't ride a bike for more than a few minutes, and can't play baseball with his friends.

On Stein's suggestion, Prime Time did go to Dayton, Ohio to film Connie Guyer and her son, Nathan, who suffers from a variety of ailments, including Attention Deficit Disorder, depression, hyperactivity and thyroid deficiency. At age 12, he couldn't read, thought he was stupid, and was suicidal. Qualifying for benefits enabled Nathan to attend a private school where he learned to read. Now he wants to be a scientist.

Burned by journalists in the past, Connie Guyer had doubts about working with Prime Time. But Jude Dratt, Wallace's producer, assured her that Nathan's story was essential to give a balanced view of the program. "I'm going to be your new best friend," Guyer remembers Dratt telling her. She says Dratt promised she'd come to Dayton a day before the crew arrived so she could spend time getting to know Nathan. But Dratt never went to Dayton, and instead sent an assistant on the day of the shoot. Guyer says Prime Time's crew was rude and insensitive: "All they wanted from us were tears and breakdown."

Prime Time had promised Guyer that they'd let her know when the program

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$100 institutions,
$25 student/low-income
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was scheduled for broadcast. In fact, the first time she knew it was scheduled was when she saw a blurb in *TV Guide*. She called Dratt, who told her that she still didn't know when the program was going to air, then waffled when Guyer told her she'd seen the *TV Guide* announcement. Sensing a hatchet job, Guyer informed Dratt that she'd never signed a release and didn't want footage of Nathan to be used. ABC has yet to return family photographs to the Guyers which Prime Time pledged would be sent back promptly.

Not so long ago, attorney Stein wrote a letter to Jude Dratt. "Due to the press of much more important matters at ABC, you and your colleagues are perhaps not aware of the aftermath of your fall Prime Time program in the Congress," Stein began, adding that a bill working its way through Congress would all but eliminate the children's disability program:

"I am sure you and ABC executives must be proud of how instrumental your work has been in bringing down this program ... Such recognition can only further your professional careers in TV news and entertainment productions, and give you encouragement to replicate your achievement elsewhere.

"I'm enclosing some narratives of disabled children your program chose to misrepresent, the great majority of children on SSI, who will not be eligible for cash benefits, including eligibility for Medical Assistance, in the future. I do not assume that the loss of necessities of life ... for hundreds of thousands of such children is of any consequence to you or executives at ABC; I certainly don't assume that there is any news or entertainment value for you in their plight, as there must be other issues that you've moved on to that better address the urgency of keeping Prime Time's ratings up ...

"But, if you or Chris wish to respond so I can pass word on to all the parents of cerebral palsy, spina bifida, AIDS, cystic fibrosis, muscular dystrophy, epilepsy, hydrocephalus, mental retardation, missing limbs, blind, diabetic, and cancer children we've talked to, your courtesy of a response — not so much for us but for these parents — will be most appreciated. Your inability to respond will also be most understandable as well.

"The best for future coups in TV journalism." ■

Spying For South Africa

On July 9, in its last issue before being closed down by Times Mirror, *New York Newsday* reported that the International Freedom Foundation (IFF), a right-wing think tank founded in 1986, was actually a front group created by South Africa's intelligence services. During the sunset of apartheid, Pretoria financed the IFF to the tune of about $1.5 million a year.

The IFF closed its doors in 1993 when South African funding dried up, but many people affiliated with the organization remain prominent in the conservative movement. These include:

- Grover Norquist, head of Americans for Tax Reform and a close advisor to House Speaker Newt Gingrich. In the mid-Eighties, Norquist drafted the Jamba Accord, a declaration of principles signed by "freedom fighters" (i.e. CIA-financed terror armies) from Angola, Cambodia, Laos, Nicaragua and Afghanistan.
- Jack Abramoff, producer of "Red Scorpion", a 1988 movie which worshipfully portrayed Jonas Savimbi of Angola's UNITA guerrillas. South African intelligence gave him money for the film, as well as military equipment.
- Jay Parker, a black man who formerly lobbied for South Africa's white rulers and who is also a close friend of Supreme Court Justice Clarence Thomas.

South African Army Col. John Holt told *Newsday* that the IFF's South African-directed projects were designed to weaken international support for Nelson Mandela and the African National Congress. When Mandela visited the U.S. in 1990, the IFF ran newspaper ads which described him as a terrorist.

IFF officials claimed to be shocked and horrified upon learning that South Africa had funded the organization. Abramoff insisted to *Newsday* that allegations that he knowingly collaborated with the apartheid regime were "outrageous".

But there's substantial evidence that IFF officials and other American conservatives knew exactly what was going on and eagerly collaborated with South African intelligence during the apartheid years. Kathi Austin, a researcher at the Institute for Policy Studies, recalls that during the Eighties U.S. right-wingers frequently sponsored visits to the U.S. by Peter Hammond and Hilton Hamann, both whom were known to work for South African intelligence. Austin once visited the latter's house in Randgate, a small town between Pretoria and Johannesburg, and Hamann proudly displayed a printing press on which he said he produced fake ANC materials designed to discredit the liberation movement.

Austin provided us with a particularly interesting document which indicates that Paul Weyrich, head of the Free Congress Foundation (FCF) and a long-time apologist for apartheid, provided shelter to at least one South African agent. The item is a resume, circa 1987, of Charles Anderson Cox. An American citizen, Cox served as an army reservist in Rhodesia (now Zimbabwe) between 1978 and 1980, moved to South Africa until 1982, and then appears to have taken up residence in the U.S.

Cox boasts that after 1982 he commuted between the U.S. and southern Africa about 15 times, with "numerous intelligence sources ... constantly being tapped" so Cox could provide information to conservatives in Congress and South African officials. Cox also "submitted [various articles] to South African intelligence personnel" and once "informed S.A. military intelligence of current possible arms supplier".

On this same resume, Cox lists a business address and phone number, both of which correspond to Weyrich's Foundation. While based at the FCF, this South African intelligence asset was helping publish *Freedom Fighter* magazine, a rabid publication which denounced the Reagan administration as being soft on communism.

A receptionist at Free Congress confirmed that Cox had worked out of its offices in the mid-Eighties, but denied that he was ever on the group's payroll. She offered no forwarding number for Cox. Weyrich would not return our phone calls. ■

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The Good News Bulls

Sitting on the Mexican Volcano

"Mexico bailout halts spreading panic", exulted the headline above a May 29 column by Thomas Friedman of *The New York Times*. Friedman and other commentators have been hailing the Robert Rubin/Wall Street-organized bail-out as a foreign policy triumph for the Clinton administration.

Friedman did have the grace to acknowledge some problems: Mexico's inflation this year will be 45 to 50 percent, 2 million people have been laid off since last December, loan defaults in 1995 have increased by 45 percent. But he saw this as secondary to the fact that holders of Mexican stocks and bonds have thus far been able to redeem their securities at full value. At the time of the bail-out, we pointed out that the prime beneficiaries would be Wall Street bond houses. Indeed, no less than $4 billion of the first $5.2 billion of bail-out money went precisely to these New York-based firms.

Meanwhile, the Senate will soon approve Lawrence Summers as Rubin's deputy treasury secretary. News stories about his late-July confirmation hearings have discreetly hinted that Summers may not have been entirely forthcoming about the true state of the Mexican economy in his public declarations last year.

We have reviewed 700 pages of documents in the hands of the Senate Banking Committee. Indeed, Summers and other administration officials lied vigorously to the public. Even as they received word that Mexico's economy was headed down the drain – along with the holdings of small fry investors lured into Mexican stocks and bonds by Wall Street firms – they continued to boast about a Mexican "miracle".

By April of 1994, eight months before the peso's collapse, Treasury Department officials knew that Mexico's economy was in serious trouble. During that month, the country's hard currency reserves dropped from $25.7 billion to $17.5 billion, a fall of 32 percent in just 30 days. This forced the Bank of Mexico to sell billions of dollars in reserves in a futile effort to defend the peso.

On April 6, an internal Federal Reserve of New York E-mail memorandum, shared with the U.S. Treasury, concluded that economic troubles were causing "investors to seriously consider possibility of devaluation". On April 22, in a letter circulated at the Treasury, an IMF economist (name deleted) reported that the peso was overvalued by some 20 percent.

Four days later, Summers sent then-Treasury Secretary Lloyd Bentsen an "overview" of the economic situation which concluded that a "variety of political and economic factors have contributed to a volatile and uneasy atmosphere in Mexico", and warned of "a long period of volatility". Summers told Bentsen that the Bank of Mexico had reportedly been "intervening to support the peso with estimated $6-8 billion of its foreign currency reserves".

On the very day that Summers was thus alerting Bentsen to these problems, both men publicly declared that Mexico's economic prospects were bright. Bentsen told reporters at a press conference that he was "confident Mexico's on the right economic path. The fundamentals are strong and they have substantial reserves." Summers, according to a report filed by Reuters, said he was "encouraged about the situation in Mexico", a country which he said had a "fundamentally sound currency". Of course, public officials are traditionally loath to make statements that might cause financial panic. But there's a world of difference between prudent boilerplate and the endorsements put out by Summers and other officials, which deluded thousands of small investors and allowed big financial institutions to make money up to the final collapse.

This same gap between private knowledge and public facade continued during the following months. On May 26, Assistant Secretary Jeffrey Shafer alerted Summers to a "steady outflow of capital from Mexico". A June 3 Federal Reserve of New York study, labeled "strictly confidential", said that the "Mexican peso is significantly overvalued" and that the country's current accounts deficit "is much too large to be sustainable". On August 19, another New York Fed study concluded that "the perceived risk of the Mexican government defaulting or otherwise abrogating the terms of its liabilities, or suspending the convertibility of its currency, may ... have risen".

By December, panic was setting in at the Treasury. On the fifth of that month, Summers received a memo from Deputy Assistant Secretary Timothy Geithner warning of a "substantial risk that the new Mexican Administration will not be able to sustain its existing exchange rate regime". Geithner wrote that the country's reserves were "only slightly above the critical $10 billion threshold" and that "another bad week" could easily drop them to that level. The Mexicans, said Geithner, had "used up all the easy ways to boost reserves".

Just weeks earlier, on November 21, Summers urged Bentsen to offer a public show of support for Mexico, and sent him a proposed statement that he had drafted with the help of Mexican government officials. Summers suggested that Bentsen declare at this eleventh hour that he was "impressed by Mexico's strong economic fundamentals", and that the "great success of NAFTA" had reinforced the momentum for reform.

Within a month, the peso had sunk by 40 percent, setting off the crisis which Summers and others had secretly anticipated. ■

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